

# GREAT EASTERN HOLDINGS LIMITED

## Financial Results for Q4-13 and FY-13 Supplementary Information

6 February 2014

## Overview of Q4-13 and FY-13 Financial Results

S\$ million	Q4-13	Q4-12	Δ	FY-13	FY-12	Δ
<b>Total Weighted New Sales<sup>^</sup></b>	<b>306.5</b>	257.9	+19%	<b>1,043.0</b>	823.3	+27%
<b>New Business Embedded Value<sup>*</sup></b>	<b>146.3</b>	103.7	+41%	<b>422.7</b>	347.1	+22%
<b>Operating Profit from Insurance Business</b>	<b>135.3</b>	169.2	-20%	<b>559.6</b>	501.5	+12%
<b>Non-Operating Profit from Insurance Business</b>	<b>15.3</b>	38.7	-60%	<b>-10.9</b>	161.1	nm
<b>Group Profit Attributable to Shareholders excluding one-off disposal gain<sup>~</sup></b>	<b>165.9</b>	225.6	-26%	<b>674.8</b>	767.5	-12%
<b>Group Profit Attributable to Shareholders</b>	<b>165.9</b>	225.6	-26%	<b>674.8</b>	1,189.1	-43%

<sup>~</sup> One-off disposal gain relates to the S\$421.6 million post-tax gain from the sale of the Group's shareholdings in Asia Pacific Breweries Limited ("APB") and Fraser and Neave, Limited ("F&N") in Q3-12

<sup>^</sup>Total Weighted New Sales (TWNS) = (Single Premium x 10%) + New Regular Premium

<sup>\*</sup>New Business Embedded Value (NBEV) is a measure of the long term profitability of new sales

Note:

-For comparative reasons, TWNS/ NBEV figures for Q4-12 and FY-12 have been restated using exchange rates as at 31 December 2013.

- The supplementary Information is unaudited

- nm: Not meaningful

## FY-13 Key Highlights

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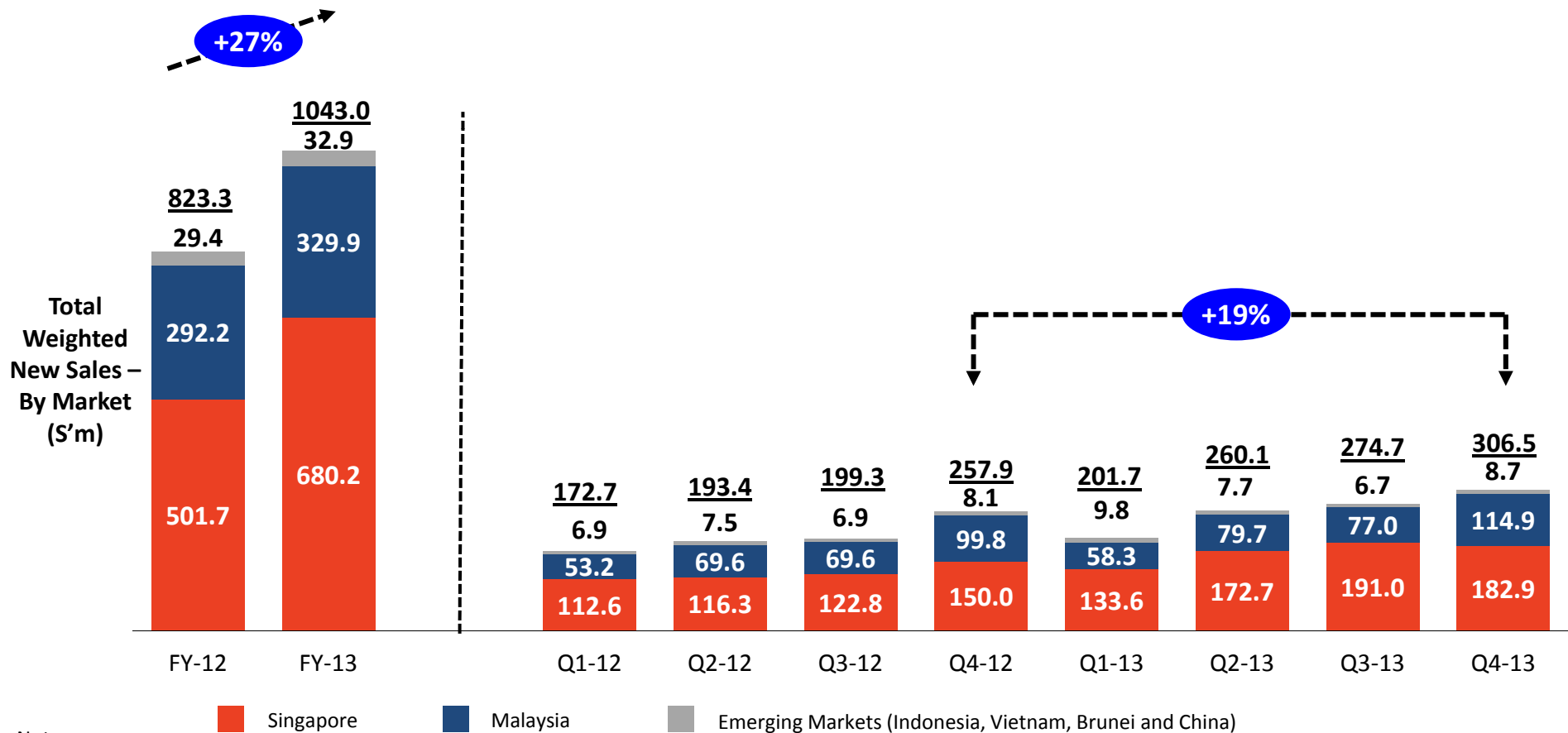
- TWNS rose 27% Y-o-Y to S\$1,043m on growth across markets:
  - Higher sales across agency, financial advisory and bancassurance channels in Singapore
  - Continued strong showing of conventional and takaful business in Malaysia
- NBEV up 22% Y-o-Y to S\$422.7m on stronger sales performance and a change in risk-adjusted discount rates to better reflect market conditions. Excluding the impact of the change in risk-adjusted discount rates, NBEV would have increased 15% Y-o-Y to S\$400.8m
- Operating profit rose 12% Y-o-Y to S\$559.6m on better performance across all its life assurance funds
- Non-operating loss of S\$10.9m compared with gain of S\$161.1m a year before, mainly attributed to significant unrealised mark-to-market losses from news of the potential tapering of the US quantitative easing programme in Q2-13
- Excluding disposal gain from sale of APB and F&N, net profit was 12% lower Y-o-Y at S\$674.8m arising from non-operating loss
- FY-13 embedded value\* up 7% Y-o-Y to S\$9.2b. Excluding the impact of the change in risk-adjusted discount rates, embedded value would have increased 5% Y-o-Y to S\$9.0b
- The Board of Directors have declared a final tax exempt (one-tier) dividend of 40 cents plus a special tax exempt (one-tier) dividend of 5 cents per ordinary share, payable on 8 May 2014. Total dividends for FY-13 amounts to 55 cents per ordinary share

\*Embedded value is an estimate of the long-term economic value of a life insurance company for the existing blocks of business

## Total Weighted New Sales (TWNS) – By Market

TWNS rose 27% Y-o-Y to S\$1,043.0m in FY-13 and 19% Y-o-Y to S\$306.5m in Q4-13 on growth across markets:

- Strong performance across agency, financial advisory and bancassurance channels in Singapore
- Stable sales of conventional business in Malaysia, complemented by strong growth in takaful sales



Note:

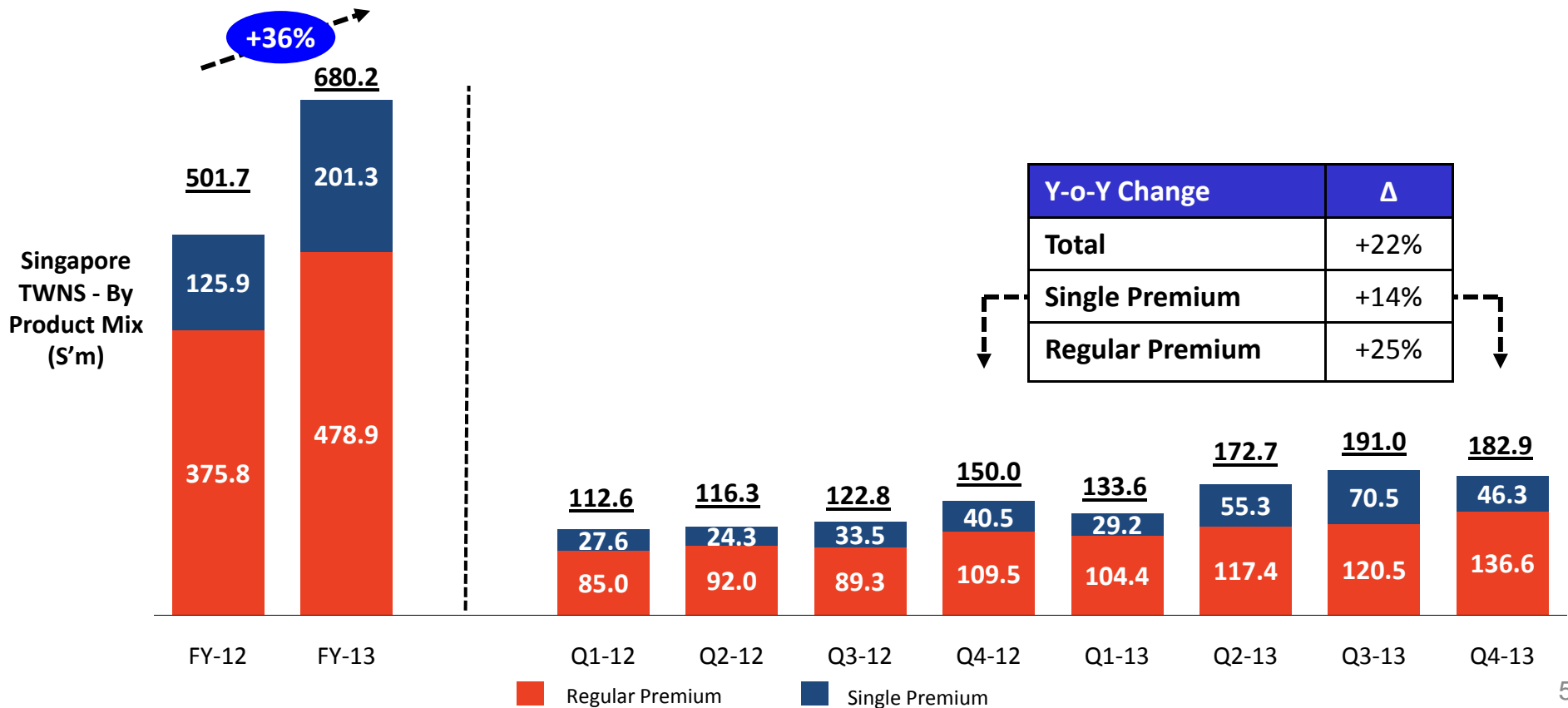
-For comparative reasons, TWNS figures for periods prior to Q4-13 have been restated using exchange rates as at 31 December 2013

-QoQ TWNS comparison not relevant given seasonality of insurance sales

## Singapore TWNS – By Product Mix

FY-13 Singapore sales rose 36% Y-o-Y to S\$680.2m and 22% Y-o-Y to S\$182.9m in Q4-13:

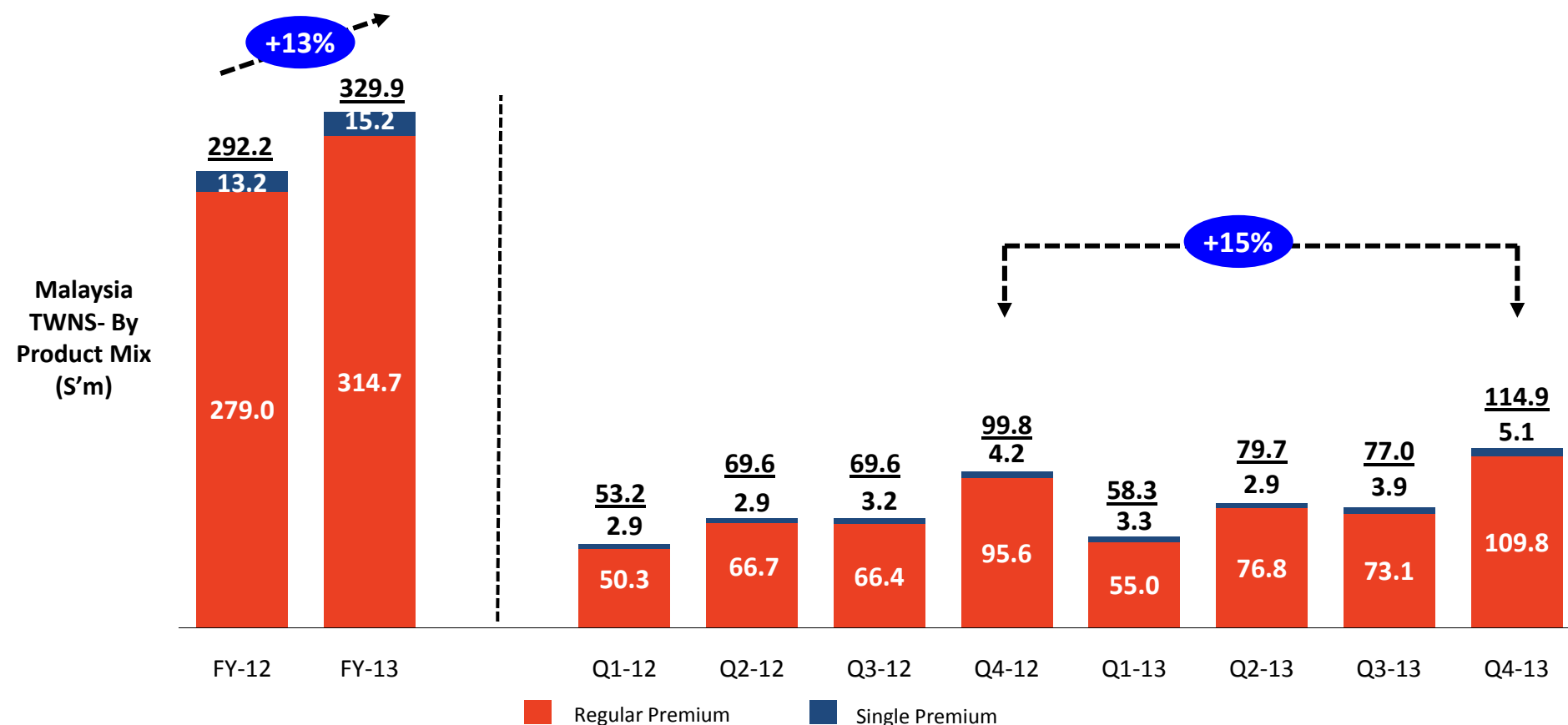
- Boost from the successful recapture of the high volume of Participating Fund policies that matured during the year
- Agency and financial advisory channel saw higher sales of protection products, as well as made further inroads into the affluent and high net worth customer segments
- Bancassurance channel experienced sustained sales momentum for regular premium savings policies, along with an increase in the sales of protection products



## Malaysia TWNS – By Product Mix

Sales in Malaysia increased 13% Y-o-Y to S\$329.9m in FY-13 and 15% Y-o-Y to S\$114.9m in Q4-13:

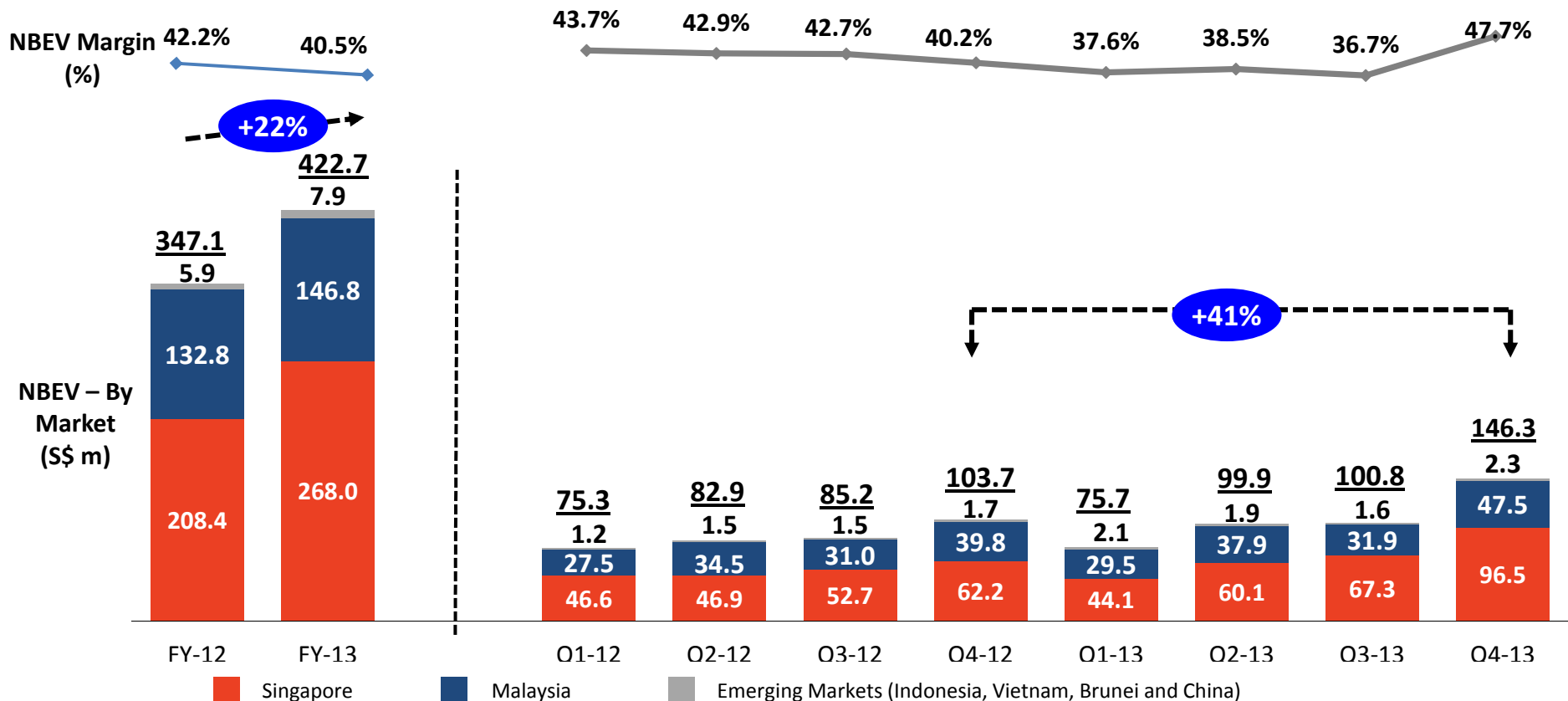
- Conventional business driven by continued demand for regular premium Investment-linked products, coupled with pick-up in sales of savings and retirement products in the last quarter
- Strong growth in takaful sales from an expansion of its bumiputera agency force and leveraging on new strategic distribution tie-ups



Note: For comparative reasons, TWNS figures for periods prior to Q4-13 have been restated using exchange rates as at 31 December 2013

# New Business Embedded Value (NBEV)- By Market

- FY-13 NBEV up 22% Y-o-Y to S\$422.7m on stronger sales performance and a change in risk-adjusted discount rates to better reflect market conditions
- Q4-13 also saw a shift in distribution channel and product mix towards higher margin sales in Singapore
- Excluding the impact of the change in risk-adjusted discount rates, FY-13 NBEV would have increased 15% Y-o-Y to S\$400.8m and 20% Y-o-Y to S\$124.4m in Q4-13

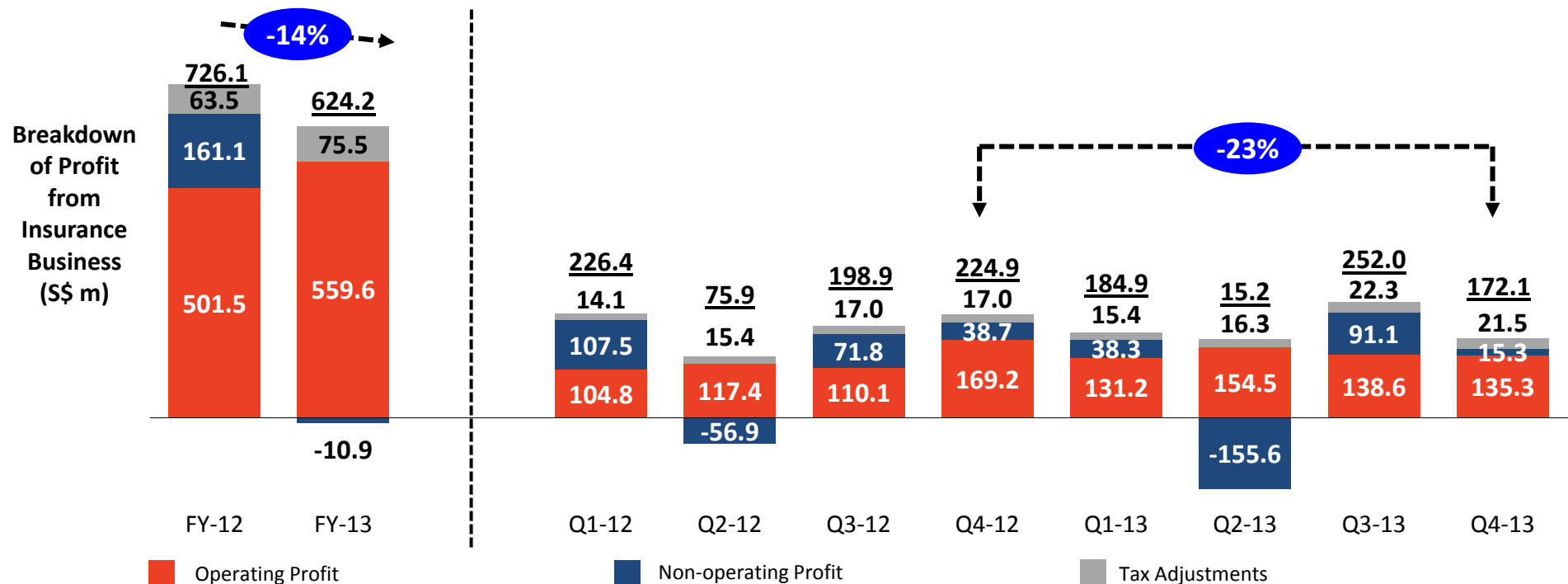


Note:

- For comparative reasons, NBEV figures for periods prior to Q4-13 have been restated using exchange rates as at 31 December 2013. NBEV figures for periods prior to Q4-12 have been restated to take into account revised investment and actuarial assumptions implemented in Q4-12
- The risk-adjusted discount rate was changed from 8% to 7.5% for Singapore, and from 9.5% to 9% for Malaysia.

## Breakdown of Profit from Insurance Business

- FY-13 profit from insurance business decreased 14% Y-o-Y to S\$624.2m, mainly attributed to the significant unrealised mark-to-market losses from news of the potential tapering of the US quantitative easing programme in Q2-13
- Q4-13 Profit from insurance business of S\$172.1m:
  - Operating profit\* affected by lower contributions from the Non-participating and Participating Funds
  - Non-operating profit\*\* of S\$15.3m from unrealised mark-to-market gains as the US Federal Reserve's decision to gradually taper the US quantitative easing programme and affirmation to continue with its accommodative monetary policy stance was well received by financial markets



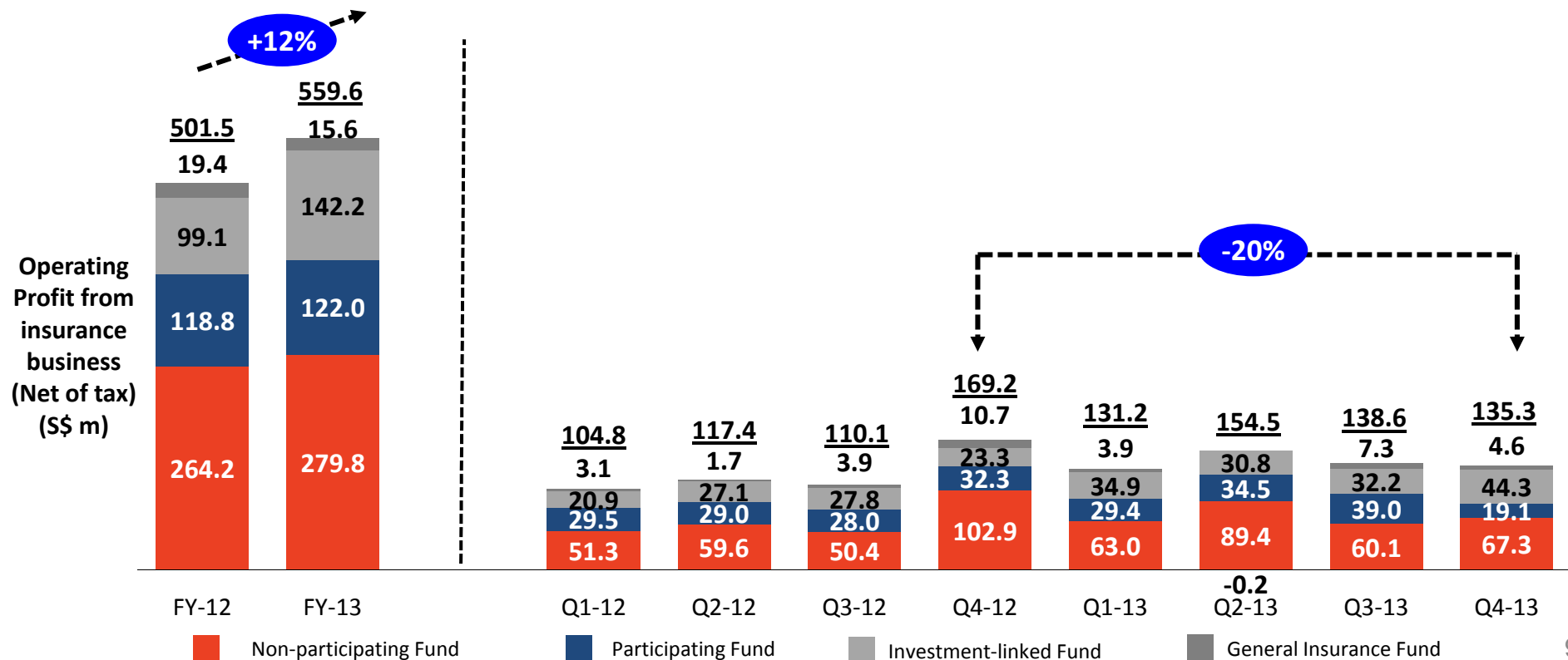
\*Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc)

\*\* Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items



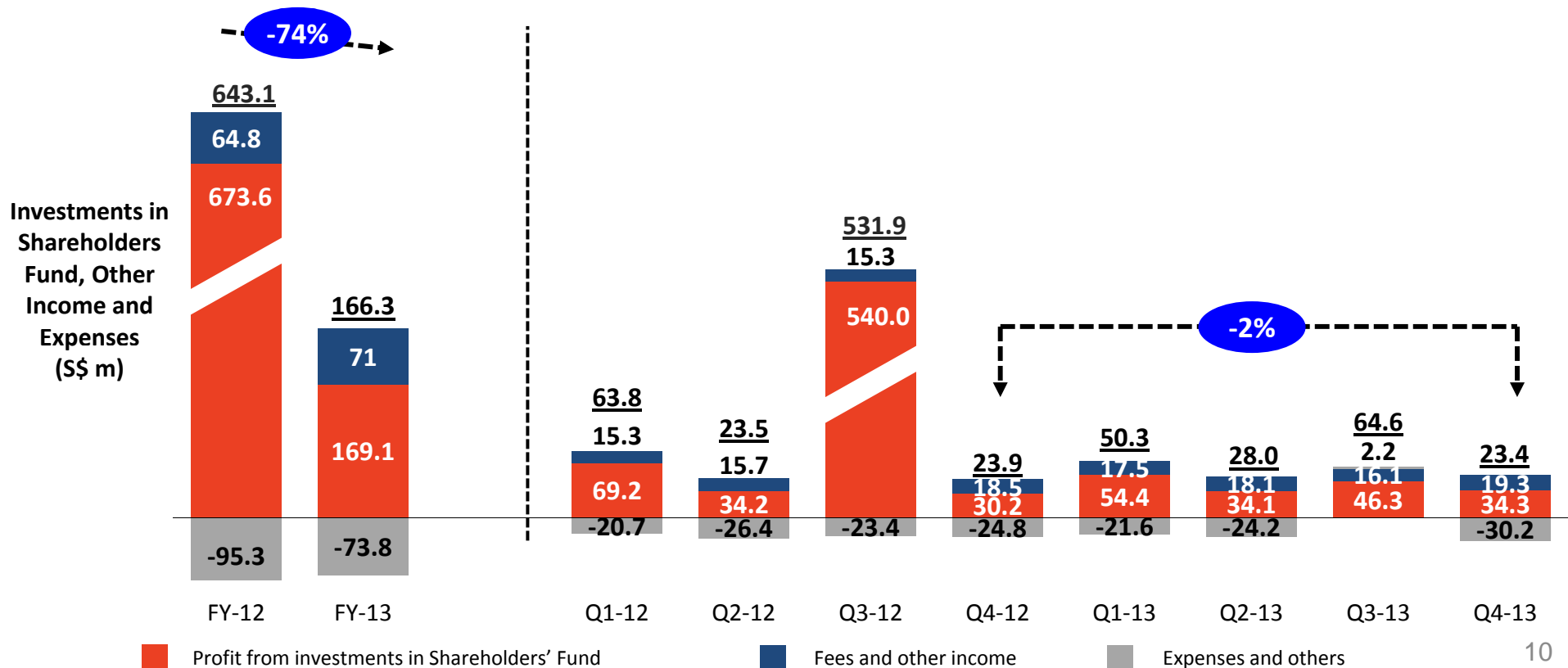
## Operating Profit from Insurance Business – by Fund

- Operating profit up 12% Y-o-Y to S\$559.6m in FY-13 on better performance across all life assurance funds
- Q4-13 operating profit was lower Y-o-Y from the combined effects of two one-off items :
  - A release of tax provisions in Q4-12 which boosted the Singapore Non-participating Fund; and
  - A negative impact in Q4-13 from a change in the timing of terminal bonus recognition for the Malaysia Participating Fund
- Excluding the impact of these two one-off items, the Group registered healthy year-on-year growth in operating profit in Q4-13



# Investments in Shareholders' Fund, Other Income and Expenses

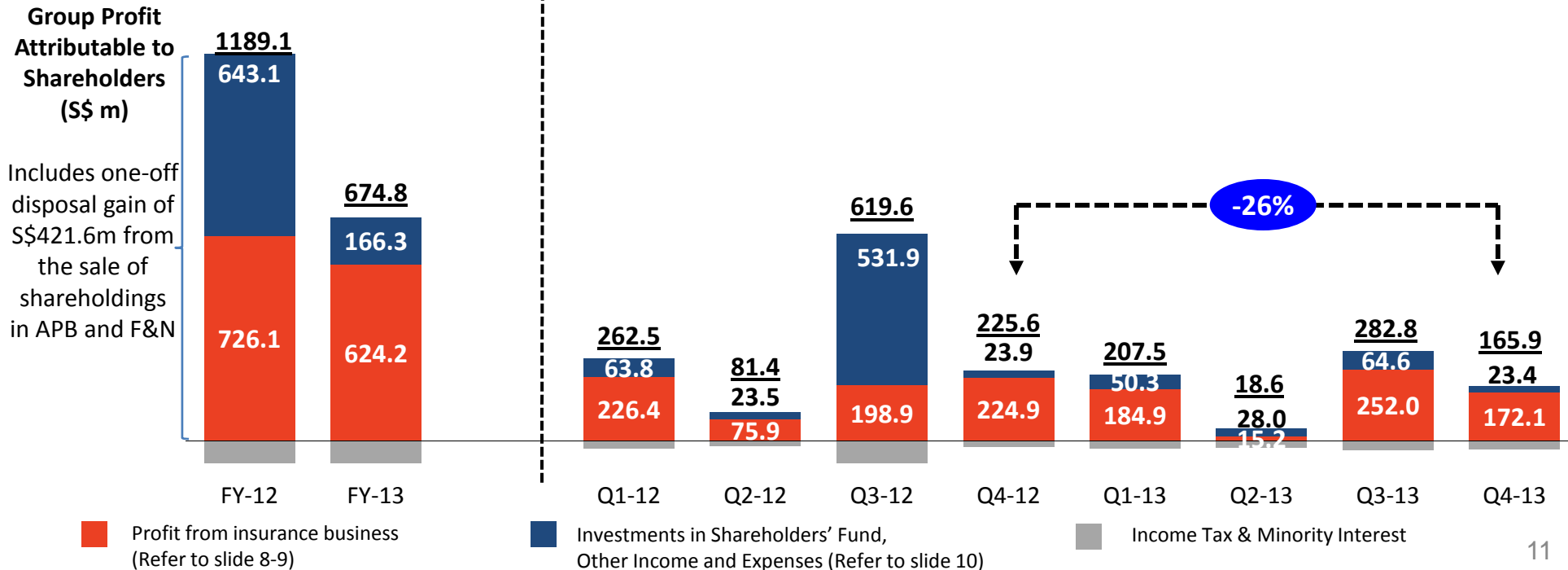
- FY-13 profit from investments in Shareholders' Fund was lower Y-o-Y, as there was a one-off gain from the sale of shareholdings in APB and F&N in Q3-12
- Management expenses decreased Y-o-Y in FY-13 largely from a one-off reversal of a provision made in 2008 to support insurance operations that is no longer required
- Increase in Q4-13 expenses and others, mainly attributed to its joint venture in China and Lion Global



## Group Profit Attributable to Shareholders

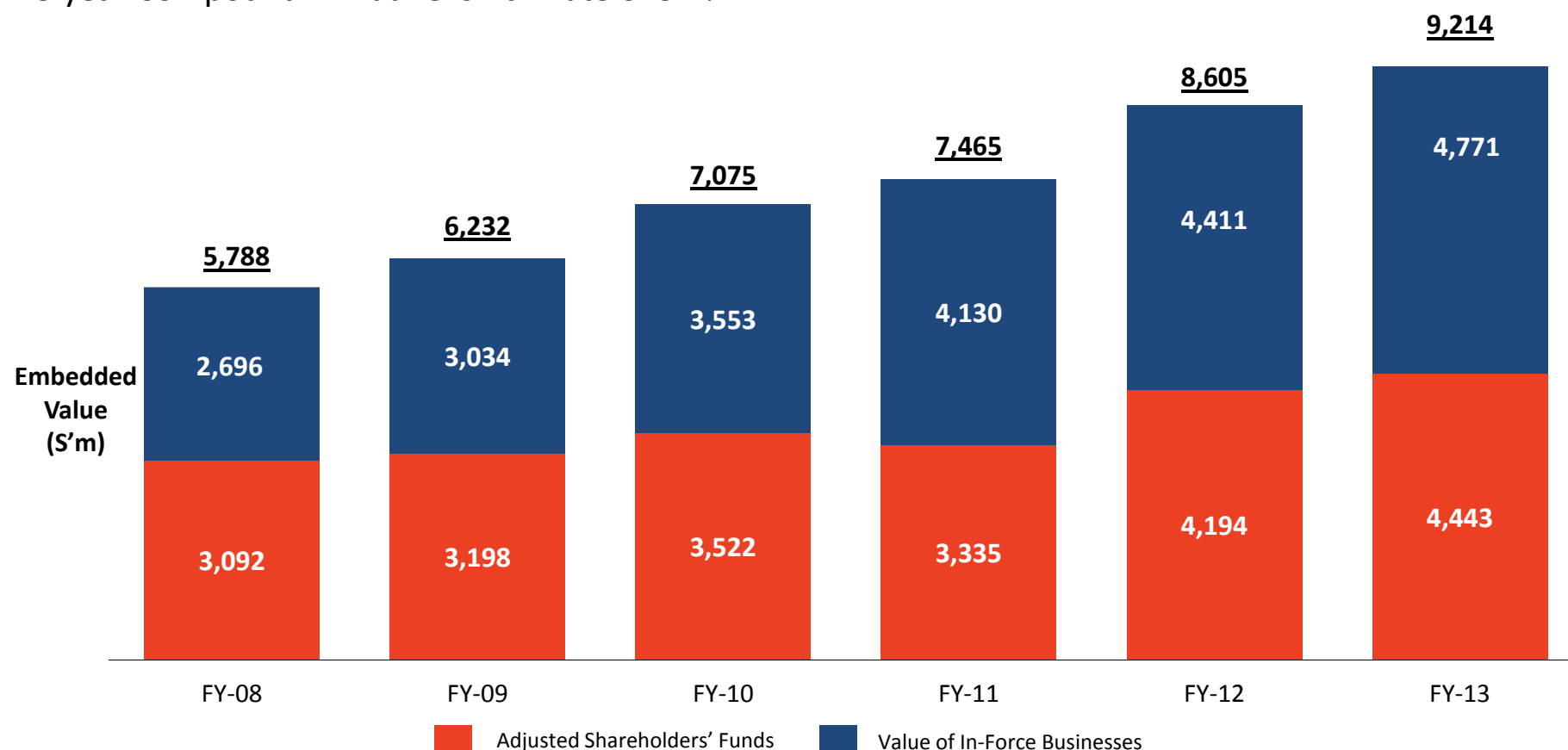
- FY-13 Group profit attributable to shareholders was down 43% Y-o-Y to S\$674.8m, largely attributed to the absence of one-off gain from the sale of APB and F&N in Q3-12
- Excluding the gain, net profit was 12% lower Y-o-Y in FY-13 because of the unrealised mark-to-market losses from the valuation of assets and liabilities as a result of less favourable financial market conditions

Y-o-Y Change	Δ
Including APB/ F&N sale	-43%
Excluding APB/ F&N sale	-12%



## Embedded Value

- FY-13 embedded value of S\$9.2b or an embedded value per share of S\$19.47, a 7% improvement over 2012. Excluding the impact of the change in the risk-adjusted discount rates, the Group's embedded value would have grown 5% Y-o-Y to S\$9.0b
- Value of In-Force Businesses up 8% over 2012
- 5 year Compound Annual Growth Rate of 9.7%



Note:

- Embedded value per share is calculated using the Group's embedded value divided by the total number of issued shares
- The risk-adjusted discount rate was changed from 8% to 7.5% for Singapore, and from 9.5% to 9% for Malaysia.

**Thank You**